

BENJAMIN J. CAYETANO
GOVERNOR



DIRECTOR'S OFFICE
DEPT. OF
TREASURY
JAN 15 1 43 PM '02

DIR 0068
GLENN M. OKIMOTO
Comptroller

MARY ALICE EVANS
Deputy Comptroller

**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**

P.O. BOX 119
HONOLULU, HAWAII 96810-0119

JAN 14 2002

COMPTROLLER'S MEMORANDUM NO. 2002-06

TO: Heads of Departments

ATTN: Payroll/Personnel Offices

SUBJECT: Submission of Certain Form W-4 Withholding Certificates for Calendar Year 2002

This is to remind departments and agencies of the IRS requirement to submit photocopies of certain Form W-4 "Employee's Withholding Allowance Certificate".

Instructions on the proper method of preparing and submitting the photocopies of Form W-4 are as follows:

A. Types of Form W-4 to be photocopied:

1. Employees claiming more than 10 withholding allowances.
2. Employees claiming exemption from federal income tax withholding and their wages would normally be more than \$200 per week.

Reminder: A Form W-4 claiming exemption from withholding is valid for only one (1) calendar year. To continue to be exempt from withholding in the calendar year 2002, an employee must file a new Form W-4 by February 15, 2002. If the employee does not submit a new Form W-4, the employing department must withhold federal income tax as if the employee is single with zero withholding allowances.

B. Information on Form W-4:

1. IRS has requested that copies of Form W-4 be clear and legible.

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2. Enter payroll number and check distribution code in the upper right hand corner.
3. Enter employee's name and address (Block #1). The employee's name should match the name shown on the employee's social security card and the payroll/personnel files.
4. Enter employee's social security number (Block #2). The employee's social security number should match what is shown on the employee's social security card and in the payroll/personnel files.
5. Enter the employee's marital status for tax withholding purposes (Block #3).
6. Complete Block #4 if applicable.
7. Enter the number of allowances claimed (Block #5).
8. Complete Block #7 if applicable.
9. Employee's signature and date.
10. Complete Blocks #8 and #10 as follows:

STATE OF HAWAII CENTRAL PAYROLL

P. O. Box 119

Honolulu, Hawaii 96810

99-6001081

C. Method of Submittal:

Attach a memo to the Form W-4 copies to indicate the name of the transmitting department/agency and total count of the forms being submitted.

D. Submittal Deadline:

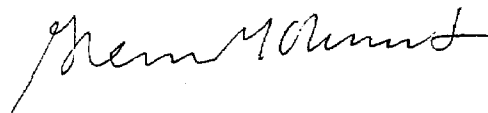
The memo and copies of Form W-4 are due in DAGS Central Payroll no later than five (5) working days after the quarter has ended.

Heads of Departments

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If there are any questions regarding the IRS requirements or preparation and/or submission of the Form W-4 photocopies, please contact DAGS Central Payroll at 6-0629.

A handwritten signature in black ink, appearing to read "Glenn M. Okimoto", written in a cursive style.

GLENN M. OKIMOTO
State Comptroller

Attachment

Form W-4 (2002)

Purpose. Complete Form W-4 so your employer can withhold the correct Federal income tax from your pay. Because your tax situation may change, you may want to refigure your withholding each year.

Exemption from withholding. If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2002 expires February 16, 2003. See Pub. 505, Tax Withholding and Estimated Tax.

Note: You cannot claim exemption from withholding if (a) your income exceeds \$750 and includes more than \$250 of unearned income (e.g., interest and dividends) and (b) another person can claim you as a dependent on their tax return.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 adjust your withholding allowances based on itemized deductions, certain credits, adjustments to

income, or two-earner/two-job situations. Complete all worksheets that apply. However, you may claim fewer (or zero) allowances.

Head of household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See line E below.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 919, How Do I Adjust My Tax Withholding? for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax.

Two earners/two jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others.

Nonresident alien. If you are a nonresident alien, see the **Instructions for Form 8233** before completing this Form W-4.

Check your withholding. After your Form W-4 takes effect, use Pub. 919 to see how the dollar amount you are having withheld compares to your projected total tax for 2002. See Pub. 919, especially if you used the **Two-Earner/Two-Job Worksheet** on page 2 and your earnings exceed \$125,000 (Single) or \$175,000 (Married).

Recent name change? If your name on line 1 differs from that shown on your social security card, call 1-800-772-1213 for a new social security card.

Personal Allowances Worksheet (Keep for your records.)

A Enter "1" for yourself if no one else can claim you as a dependent	A _____
B Enter "1" if: <ul style="list-style-type: none">• You are single and have only one job; or• You are married, have only one job, and your spouse does not work; or• Your wages from a second job or your spouse's wages (or the total of both) are \$1,000 or less.	B _____
C Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C _____
D Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D _____
E Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E _____
F Enter "1" if you have at least \$1,500 of child or dependent care expenses for which you plan to claim a credit	F _____
(Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)	
G Child Tax Credit (including additional child tax credit): <ul style="list-style-type: none">• If your total income will be between \$15,000 and \$42,000 (\$20,000 and \$65,000 if married), enter "1" for each eligible child plus 1 additional if you have three to five eligible children or 2 additional if you have six or more eligible children.• If your total income will be between \$42,000 and \$80,000 (\$65,000 and \$115,000 if married), enter "1" if you have one or two eligible children, "2" if you have three eligible children, "3" if you have four eligible children, or "4" if you have five or more eligible children.	G _____
H Add lines A through G and enter total here. Note: This may be different from the number of exemptions you claim on your tax return. ▶ H _____	
For accuracy, complete all worksheets that apply. <ul style="list-style-type: none">• If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.• If you have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$35,000, see the Two-Earner/Two-Job Worksheet on page 2 to avoid having too little tax withheld.• If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below.	

----- Cut here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service		Employee's Withholding Allowance Certificate		OMB No. 1545-0010 2002
▶ For Privacy Act and Paperwork Reduction Act Notice, see page 2.				
1 Type or print your first name and middle initial Last name		2 Your social security number		
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
City or town, state, and ZIP code		4 If your last name differs from that on your social security card, check here. You must call 1-800-772-1213 for a new card. ▶ <input type="checkbox"/>		
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5 _____		
6 Additional amount, if any, you want withheld from each paycheck		6 \$ _____		
7 I claim exemption from withholding for 2002, and I certify that I meet both of the following conditions for exemption: <ul style="list-style-type: none">• Last year I had a right to a refund of all Federal income tax withheld because I had no tax liability and• This year I expect a refund of all Federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶ 7 _____				
Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate, or I am entitled to claim exempt status.				
Employee's signature (Form is not valid unless you sign it.) ▶		Date ▶		
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)		10 Employer identification number

Deductions and Adjustments Worksheet

Note: Use this worksheet only if you plan to itemize deductions, claim certain credits, or claim adjustments to income on your 2002 tax return.

- 1 Enter an estimate of your 2002 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 2002, you may have to reduce your itemized deductions if your income is over \$137,300 (\$68,650 if married filing separately). See **Worksheet 3** in Pub. 919 for details.) 1 \$
- 2 Enter: 2 \$
 - \$7,850 if married filing jointly or qualifying widow(er)
 - \$6,900 if head of household
 - \$4,700 if single
 - \$3,925 if married filing separately
- 3 Subtract line 2 from line 1. If line 2 is greater than line 1, enter "-0-" 3 \$
- 4 Enter an estimate of your 2002 adjustments to income, including alimony, deductible IRA contributions, and student loan interest 4 \$
- 5 Add lines 3 and 4 and enter the total. Include any amount for credits from **Worksheet 7** in Pub. 919. 5 \$
- 6 Enter an estimate of your 2002 nonwage income (such as dividends or interest) 6 \$
- 7 Subtract line 6 from line 5. Enter the result, but not less than "-0-" 7 \$
- 8 Divide the amount on line 7 by \$3,000 and enter the result here. Drop any fraction 8
- 9 Enter the number from the **Personal Allowances Worksheet**, line H, page 1 9
- 10 Add lines 8 and 9 and enter the total here. If you plan to use the **Two-Earner/Two-Job Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4, line 5, page 1 10

Two-Earner/Two-Job Worksheet

Note: Use this worksheet only if the instructions under line H on page 1 direct you here.

- 1 Enter the number from line H, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) 1
- 2 Find the number in **Table 1** below that applies to the **lowest** paying job and enter it here 2
- 3 If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. **Do not** use the rest of this worksheet. 3

Note: If line 1 is **less than** line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4-9 below to calculate the additional withholding amount necessary to avoid a year-end tax bill.

- 4 Enter the number from line 2 of this worksheet 4
- 5 Enter the number from line 1 of this worksheet 5
- 6 Subtract line 5 from line 4 6
- 7 Find the amount in **Table 2** below that applies to the **highest** paying job and enter it here 7 \$
- 8 Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed 8 \$
- 9 Divide line 8 by the number of pay periods remaining in 2002. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2001. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck 9 \$

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly				All Others			
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above
\$0 - \$4,000	0	44,001 - 50,000	8	\$0 - \$6,000	0	75,001 - 95,000	8
4,001 - 9,000	1	50,001 - 55,000	9	6,001 - 11,000	1	95,001 - 110,000	9
9,001 - 15,000	2	55,001 - 65,000	10	11,001 - 17,000	2	110,001 and over	10
15,001 - 20,000	3	65,001 - 80,000	11	17,001 - 23,000	3		
20,001 - 25,000	4	80,001 - 95,000	12	23,001 - 28,000	4		
25,001 - 32,000	5	95,001 - 110,000	13	28,001 - 38,000	5		
32,001 - 38,000	6	110,001 - 125,000	14	38,001 - 55,000	6		
38,001 - 44,000	7	125,001 and over	15	55,001 - 75,000	7		

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$50,000	\$450	\$0 - \$30,000	\$450
50,001 - 100,000	800	30,001 - 70,000	800
100,001 - 150,000	900	70,001 - 140,000	900
150,001 - 270,000	1,050	140,001 - 300,000	1,050
270,001 and over	1,150	300,001 and over	1,150

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may also subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, to cities, states, and the District of Columbia for use in administering their tax laws, and using it in the National Directory of New Hires.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB

control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 46 min.; Learning about the law or the form, 13 min.; Preparing the form, 59 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95143-0001. Do not send the tax form to this address. Instead, give it to your employer.

